

Message Text

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PAGE 01 LAGOS 11486 170911Z

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ACTION AF-04

INFO OCT-01 SS-14 ISO-00 EB-03 INR-05 CIAE-00 SSO-00

INRE-00 L-01 SP-02 RSC-01 /031 W

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O 170820Z DEC 74

FM AMEMBASSY LAGOS

TO SECSTATE WASHDC IMMEDIATE 7226

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LIMDIS

E.O.: 11652: N/A

TAGS: EINV, NI

SUBJ: NEGOTIATIONS OF FMG PARTICIPATION IN INSURANCE COMPANIES

REF: (A) STATE 233541

(B) LAGOS 1438

STATE 275557

1. IN ADDITION TO BRIGGS' FEB. 16, 1974, PRESS CONFERENCE
(REF (B)), HEAD OF STATE ALSO ANNOUNCED FMG INTENTIONS RE
INSURANCE BUSINESS IN BUEGET MESSAGE DELIVERED MARCH 31.
HIS STATEMENT IN ENTIRETY FOLLOWS:

QUOTE: IT IS THE INTENTION OF THE FMG TO REORGANIZE AND
REVITALIZE THE INSURANCE INDUSTRY. AS A FIRST STEP TOWARDS
ACHIEVING THIS END, THE FMG HAS DECIDED TO TAKE OVER 40-49
PER-CENT OF THE EQUITY SHARES OF VIABLE INSURANCE COMPANIES
TRANSACTING LIFE AND GENERAL INSURANCE BUSINESS IN NIGERIA.
A COMPREHENSIVE REVIEW OF THE LAWS GOVERNING INSURANCE WILL
BE UNDERTAKEN DURING THE NEW FINANCIAL YEAR SO AS TO REMOVE
ABUSES NOW RAMPANT IN THE INDUSTRY. END QUOTE.

THERE IS NO DECREE OR OTHER LEGAL INSTRUMENT BY WHICH FMG
HAS ACQUIRED PARTICIPATION IN INSURANCE COMPANIES.

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PAGE 02 LAGOS 11486 170911Z

2. THE FMG ANNOUNCED DEC 14 THAT NEGOTIATION OF GOVERNMENT

PARTICIPATION IN SIX COMPANIES, INCLUDING BRITISH-AMERICAN, HAD BEEN COMPLETED AND WOULD TAKE EFFECT JAN 1. IN EACH CASE NIGERIAN OWNERSHIP WILL BE 49 PER-CENT, WITH FMG TAKING DIFFERENCE BETWEEN 49 PER-CENT AND VERY SMALL HOLDING OF PRIVATE NIGERIANS. ALTHOUGH ANNOUNCEMENT STATED NEGOTIATIONS WITH OTHER SELECTED COMPANIES IS CONTINUING, AIIC IS ONLY FIRM KNOWN STILL TO BE NEGOTIATING.

3. BRITISH-AMERICAN HAS CONFIRMED TO EMBASSY THAT IT HAS SOLD 49 PER-CENT OF ITS SHARES TO FMG FOR N 1.25 PER SHARE. FIRM'S REPS TOLD US THEY SIMPLY DID NOT FEEL IN A STRONG ENOUGH POSITION TO FIGHT THE FMG. REPS EXPRESSED SCEPTICISM REGARDING OPERATION OF COMPANY ONCE FMG OCCUPIES THREE OF SEVEN BOARD POSITIONS BUT HAVE NO INTENTION OF WITHDRAWING OR REDUCING OPERATION IN NIGERIA AT THIS TIME.

4. EMBASSY WILL PURSUE WITH AIIC REP. STATON AND NIGERIAN AUTHORITIES RAISED PARA 4 REF (C), JUST RECEIVED. CROSBY.

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